

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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GENEVA FOR MTN DELEGATION

E.O. 11652: N/A

TAGS: ETRD, BL

SUBJECT: EXPORT RESTRICTIONS IMPOSED BY BOLIVIAN GOVERNMENT

REF: STATE 146681

SUMMARY. ALL COMMERCIAL EXPORTS FROM BOLIVIA ARE AFFECTED BY SOME TYPE OF EXPORT CONTROL. TO GUARANTEE LOCAL SUPPLY AND TO ASSURE STATISTICAL RECORDS, AGRICULTURAL PRODUCTS AND BOLIVIA'S VERY FEW MANUFACTURED PRODUCTS MUST OBTAIN EXPORT LICENSES FROM GOB MINISTRY OF INDUSTRY/COMMERCE. REVENUE RAISING TAXES HAVE BEEN IMPOSED ON ALL MINERAL AND SOME AGRICULTURAL EXPORTS. AS MEMBER OF INTERNATIONAL TIN COUNCIL BOLIVIA CURRENTLY LIMITING TIN EXPORTS. END SUMMARY.

1. GOB WILL NOT AUTHORIZE EXPORT OF "ESSENTIAL" PRODUCTS UNTIL ASSURED THAT INTERNAL DEMAND IS FULLY MET. ACCORDINGLY, COFFEE, MEAT AND SUGAR EXPORTS HAVE AT ONE TIME OR ANOTHER BEEN RESTRICTED IN RECENT YEARS. HOWEVER, CONTROLS ARE DIFFICULT TO ENFORCE AND IN TIMES OF HEAVY DEMAND FROM SURROUNDING COUNTRIES OR HIGH
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WORLD MARKET PRICES SUCH COMMODITIES TEND TO MOVE AS CONTRABAND.

2. AS MEMBER INTERNATIONAL TIN COUNCIL (ITC), BOLIVIA HAS RECENTLY ADOPTED RESTRICTION ON QUANTITY OF TIN EXPORTS. ITC ADOPTED GENERAL RESTRICTION IN FACE OF FALLING TIN PRICES. FROM LAST APRIL TO JUNE 30 BOLIVIA WAS REQUIRED TO HOLD BACK 1,000 METRIC TONS OF POTENTIAL EXPORTS. SEVERAL YEARS AGO ITC IMPOSED SIMILAR RESTRICTION FOR THREE MONTHS. BOLIVIA MIGHT HAVE DIFFICULTY PARTICIPATING IN SUCH RESTRICTIONS IF THEY WERE EXTENDED OVER LONG PERIOD BECAUSE OF LIMITED ABILITY TO FINANCE DOMESTIC STOCKS.

3. LARGEST CLASS OF EXPORT TAXES APPLY TO MINERAL EXPORTS. THE LEVEL AND REGULATIONS GOVERNING MINERALS' "REGALIA" HAVE BEEN CHANGED SEVERAL TIMES IN RECENT YEARS. THESE TAXES REACHED THEIR HIGHEST LEVEL AFTER 1972 MONETARY DEVALUATION. IN HIGHLY SUMMARIZED FORM THESE COMPLICATED TAXES CAN BE DESCRIBED AS FOLLOWS: EACH MINERAL AND METAL IS TAXED AT DIFFERENT PERCENTAGE OF PRESUMATIVE PRICES BASED ON CURRENT WORLD PRICES WHICH ARE POSTED PERIODICALLY BY GOB; SOMEWHAT DIFFERENT RATES ARE APPLIED TO PRODUCTS MINED BY SMALL MINERS AND COOPERATIVES, MEDIUM-SIZED PRIVATE MINES AND THE LARGE STATE MINING ENTERPRISE COMIBOL; DIFFERENT RATES ARE APPLIED TO DIFFERENT GRADES OF MINERALS. EXAMPLE OF CURRENT TAX OF TIN, WHICH IS MOST IMPORTANT BOLIVIAN EXPORT, SHOWS THAT TIN NOT TAXED UNTIL MARKET PRICE OVER US\$1.50 PER POUND. FROM THAT PRICE TO US\$1.75 MEDIUM MINERS CHARGED US\$.072 PER POUND, COMIBOL US \$.052 AND SMALL AND COOPERATIVE MINERS US \$.038. RATE INCREASES IN LINEAR INCREMENTS TO US\$4.00 PER POUND WHERE TAXES ARE US\$.95, .931 AND .912 PER POUND FOR EACH OF RESPECTIVE SECTORS. IN ADDITION, MINERS PAY VARYING "SPECIAL TAX" THT WORK OUT TO ABOUT 6 PERCENT OF PRICE AND TAX TO SUPPORT SERVICES OF GOB'S METALLURGICAL INSTITUTE OF ABOUT 1 PERCENT. (SEE EMBASSY A-36 OF MARCH 8 FOR DETAILED DESCRIPTION OF TAXES.)

4. NEW TAXES ON "NON-TRADITIONAL EXPORTS" WERE IMPOSED AT TIME OF NOVEMBER, 1972 DEVALUATION. THESE TAXES (20 PERCENT OF NET EXPORT VALUE) LASTED UNTIL APRIL, 1975. NONETHELESS, TAXES ON SUGAR, MEAT, COFFEE AND COTTON REMAIN IN FORCE IN MODIFIED FORM. EXPORTERS PAY 15 PERCENT OF VALUE RECEIVED OVER US\$0.7395 PER POUND OF SUGAR, 20 PERCENT OVER CIF PRICE OF US\$00 PER METRIC TON OF MEAT, 20 PERCENT FOB PRICE OF US\$.60 PER POUND OF COFFEE

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AND ON A SLIDING SCALE FOR COTTON BEGINNING AT 20 PERCENT OVER FAS PRICE OF US\$.420 PER POUND TO 35 PERCENT OF PRICE OVER US\$8.60. THESE TAXES ARE SAID TO BE "TEMPORARY" AND INDEED ARE LIKELY TO BE CHANGED FROM TIME TO TIME. BECUASE OF FISCAL NEEDS OF GOVERNMENT AND ITS LIMITED ABILITY TO COLLECT INCOME TAXES EFFICIENTLY, THESE TYPES OF TAXES ARE LIKELY TO BE A FEATURE OF BOLIVIAN TAX SYSTEM FOR SOME TIME. TO EXTENT THAT SUCH TAXES DO NOT GENERATE CONTRABAND EXPORTS, THEY REDUCE RETURNS TO PRODUCERS AND THEREFORE

TEND TO REDUCE PRODUCTION OF EXPORTABLE AGRICULTURAL PROUCTS.

5. YACIMIENTOS PETROLIFEROS FISCALES BOLIVIANOS (YPFB -
GOVERNMENT PETROLEUM MONOPOLY) DOES NOT RESTRICT EXPORTS AS SUCH,
BUT AS A STATE ENTERPRISE IT HAS BEEN SUBJECT TO PUBLIC PRESSURES
TO EXPORT AT HIGHER PRICES THATN MARKET WILL BEAR.
AS CONSEQUENCE OF INABILITY TO SELL AT HIGH PRICES, YPFB HAS NOT
EXPORTED AS MUCH AS IT OTHERWISE MIGHT HAVE IN LAST NINE MONTHS.
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